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Message Text

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62
ORIGIN NEA-16

INFO OCT-01 ISO-00 PM-07 L-03 CIAE-00 INR-10 NSAE-00

RSC-01 AID-20 IGA-02 EB-11 SS-20 SP-03 NSC-07 TRSE-00

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PM/SAS:FLADD
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L/PM:JMICHEL
L/T:ECMCDOWELL
NEA:SSOBER
DOD/ISA/NEASA:RPEYER
---------- 017045
R 132048Z JUN 74
FM SECSTATE WASHDC
TO AMEMBASSY TEHRAN
INFO SECDEF
JCS
USCINCEUR
CHARMISH MAAG TEHRAN

C O N F I D E N T I A L STATE 126123

E.O. 11652: GDS
TAGS: PFOR, MASS, IR
SUBJECT: GOI FINANCIAL SUPPORT OF ARMISH MAAG IRAN

REFS: A. TEHRAN 7454; B. TEHRAN 8404; C. STATE 235207;
D. TEHRAN 8650

1. DEPARTMENT AND DOD CONCUR THAT USG SHOULD SEEK RE-
IMBURSEMENT FROM GOVERNMENT OF IRAN FOR TOTAL ARMISH MAAG
AND GENMISH COSTS, INCLUDING PROPORTIONATE SHARE OF EUCOM
SUPPORT ACTIVITY COSTS BEGINNING FY 75.

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2. ALTHOUGH WE RECOGNIZE THAT U.S. AND GOI SHARE MUTUAL
BENEFITS FROM PRESENCE OF ARMISH MAAG, WE DO NOT BELIEVE
PROPOSAL FOR 50-50 SPLIT IN PARA 5C, REF A, IS FEASIBLE
FOR FOLLOWING REASONS:

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(A) RECENT EVENTS, WITH EMPHASIS ON INCREASE IN PRICE OF OIL SINCE NOVEMBER 1973 AND IRANIAN FOREIGN EXCHANGE EARNINGS, MAKE IT CLEAR IRANIANS CAN AFFORD TO PAY COSTS.

(B) USG HAS PAID MAJORITY OF ARMISH-MAAG COSTS AND PROVIDED DOLS 835 MILLION GRANT AID OVER THE PAST 25 YEARS. NOW THAT IRANIANS CAN AFFORD TO PAY THEY SHOULD DO SO.

(C) IRANIAN PAYMENT OF ARMISH-MAAG COSTS WOULD REMOVE LAST VESTIGE OF GRANT AID TO IRAN AND IS IN CONSONANCE WITH SHAH'S DETERMINATION FOR IRAN TO PAY ITS OWN WAY. IT WOULD PROVIDE EVIDENCE OF MATURE NEW RELATIONSHIP BETWEEN OUR TWO COUNTRIES.

(D) GOI AGREEMENT TO PAY TOTAL ARMISH-MAAG/GENMISH COSTS WOULD BE OF SIGNIFICANT ASSISTANCE IN EXPLAINING AND JUSTIFYING ENTIRE IRANIAN PROGRAM AND U.S. PERSONNEL SUPPORT (ARMISH-MAAG/TAFT) TO CONGRESS. THIS POINT IS OF PARTICULAR CONCERN SINCE THE ISSUE OF CONTINUED U.S. PAYMENTS OF ARMISH-MAAG OPERATING COSTS HAS BEEN RAISED IN A GAO DRAFT REPORT RELATED TO U.S. MILITARY ASSISTANCE TO IRAN NOW BEING REVIEWED.

(E) ANY USG APPROACH WHICH SUGGESTED COST SHARING BASED ON MUTUAL BENEFITS OF U.S. SECURITY ASSISTANCE ORGANIZATION/PROGRAM COULD SET UNDESIRABLE PRECEDENT. IN PARTICULAR, COST SHARING COULD, FROM IRANIAN VIEWPOINT, BE CARRIED INTO OTHER CONTRACTS FOR EQUIPMENT, TAFTS, ETC., AND LEAD GOI TO ASK FOR COST DISCOUNTS ON BASIS THESE SALES ALSO ARE OF MUTUAL BENEFIT TO GOI/USG.

3. PREFERRED METHOD OF REIMBURSEMENT IS WITH FMS CASE OVER APPROPRIATE PERIOD OF TIME. ALTHOUGH 1 YEAR FMS CONTRACT IS FEASIBLE, IT WOULD PROBABLY BE DESIRABLE TO PLACE ON 3 YEAR BASIS SO AS TO AVOID ADMINISTRATIVE PROBLEM OF NEGOTIATING EACH YEAR.
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4. (A) ESTIMATED ARMISH-MAAG COSTS FOR FY 75 ARE AS FOLLOWS:

IRAN - FY 75 ARMISH-MAAG COSTS, IN THOUSANDS DOLS
(INITIAL FY 75 ESTIMATE, SUBJECT TO REFINEMENT)

OBJECT CLASS	MIL DEPT	MAP	AIK
MILITARY SALARIES	5,063.3	--	466.5
CIVILIAN SALARIES & BENEFITS	44.8	399.2	--
TDY	47.5	120.0	22.2
PCS	100.1	--	861.4
TRANSPORTATION	249.9	8.0	423.2

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RENT, COMM, UTILITIES 70.2 65.0 2,119.2
PRINTING & REPRODUCTION 1.6 2.5 --
OTHER SERVICES 618.7 70.5 --
MAAG AIRCRAFT 119.4 119.4 --
SUPPLIES 120.1 145.0 82.7
VEHICLES -- 30.0 10.0

OBJECT CLASS MIL DEPT MAP AIK
(CONTINUED)

OTHER EQUIPMENT 23.8 15.0 3.1
SHARED ADMINISTRATIVE
SUPPORT (SAS) -- 104.5 --

-- 6,459.1 1,079.1 3,988.3

TOTAL USG COSTS 6,459.1 PLUS 1,079.1: 7,538.2

NOTE: SEE PARA. 8 BELOW FOR EXPLANATORY NOTES.

4. (B) GENMISH. IN VIEW OF THE SEPARATION OF THE IRANIAN GENDARMERIE, WHICH REPORTS TO THE MINISTER OF INTERIOR, AND THE IIA, WHICH REPORTS TO THE MINISTER OF WAR IN THE IRANIAN GOVERNMENT, WE CONCLUDE THAT NO ATTEMPT SHOULD BE MADE TO ALTER THE GENMISH AGREEMENT OF NOVEMBER 1943 SO AS TO PLACE GENMISH UNDER THE COMMAND OF CHIEF, ARMISH-MAAG. HOWEVER, IT IS NOTED THAT THE PROVISIONS OF CONFIDENTIAL

GENDARMERIE MISSION AGREEMENT REQUIRING THE GOI TO PAY THE EXPENSE OF SUPPORTING GENMISH AS CONTAINED IN ARTICLES 11-28 ARE ESSENTIALLY THE SAME AS THOSE IN THE U.S. MILITARY MISSION AGREEMENT OF OCTOBER 1947. ACCORD-INGLY, IT WOULD BE PROPER TO REQUEST THE GOI TO REIMBURSE THE USG FOR GENMISH COSTS USING AN FMS CASE AS OUTLINED IN PARA 3 ABOVE. USG COSTS FOR GENMISH ARE:

GENMISH COST (THOUSANDS)
(ESTIMATED VALUE OF GOI AIK IS DOLS 308.6)

O&M 165.0
OTHER MILITARY DEPART-
MENT COST (SALARIES, ETC.) 538.0
SAS 10.0

---- 713.0
GENMISH PROPORTIONATE SHARE OF EUCOM SUPPORT ACTIVITY COSTS TO INCLUDE IN TOTAL BILL PRESENTED TO GOI. PROVIDE DETAILED BREAKOUT OF YOUR ESTIMATE OF THESE SUPPORT COSTS TO STATE/DOD. IF ASSISTANCE IN COSTING OF THIS PORTION OF TOTAL IS REQUIRED, PLEASE ADVISE.

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5. CONCUR WITH PARA 6, REF A. HOWEVER, SOME MODIFICATION OF AGREEMENTS IS NECESSARY. U.S. SECURITY ASSISTANCE ORGANIZATIONS IN IRAN ARE BASED ON TWO AGREEMENTS

(U.S. MILITARY MISSION AGREEMENT, OCT 1947, AND MUTUAL DEFENSE AGREEMENT, MAY 1950). EXCHANGE OF NOTES MUST BE ACCOMPLISHED TO OBTAIN GOI RECOGNITION THAT U.S. RESPONSIBILITIES UNDER THESE TWO AGREEMENTS ARE NOW CARRIED OUT BY SINGLE ARMISH-MAAG ORGANIZATION. NOTE SHOULD ALSO INCLUDE GOI AGREEMENT TO PAY COST THROUGH FMS PROCEDURES. SUGGESTED TEXT FOLLOWS:

EXCELLENCY:

I HAVE THE HONOR TO REFER TO THE AGREEMENT BETWEEN OUR TWO GOVERNMENTS CONCERNING THE IMPERIAL IRANIAN GENDARMERIE, SIGNED AT TEHRAN ON NOVEMBER 27 1943, AS AMENDED, THE AGREEMENT BETWEEN OUR TWO GOVERNMENTS CONCERNING THE CONFIDENTIAL

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MILITARY MISSION TO IRAN, SIGNED AT TEHRAN ON OCTOBER 6, 1947, AS AMENDED, AND THE AGREEMENT BETWEEN OUR TWO GOVERNMENTS CONCERNING MUTUAL DEFENSE ASSISTANCE, EFFECTED BY AN EXCHANGE OF NOTES SIGNED AT WASHINGTON ON MAY 23, 1950.

WHILE THE AGREEMENTS OF OCTOBER 6, 1947 AND MAY 23, 1950 CONTEMPLATED SEPARATE ORGANIZATIONS TO CARRY OUT THE FUNCTIONS AGREED UPON THEREIN, NAMELY AN ARMY MISSION AND A MILITARY ASSISTANCE ADVISORY GROUP (MAAG), THESE ORGANIZATIONS HAVE OVER A PERIOD OF YEARS ACTUALLY MERGED INTO ONE ORGANIZATION, NAMELY ARMISH-MAAG. I ACCORDINGLY HAVE THE HONOR TO PROPOSE THAT THIS DE FACTO ORGANIZATION BE FORMALLY RECOGNIZED BY THE GOVERNMENT OF IRAN AS A SINGLE ENTITY, CHARGED WITH THE RESPONSIBILITIES AND FUNCTIONS OF THE GOVERNMENT OF THE UNITED STATES UNDER THE AFORESAID TWO AGREEMENTS WITHOUT CHANGE OTHERWISE TO THE TERMS THEREOF.

INSOFAR AS CONCERNS THE FUNDING OF THE COSTS OF THE ARMISH-MAAG AND THE GENDARMERIE MISSION, THESE AGREEMENTS PROVIDE IN VARYING DETAIL THAT THE IMPERIAL GOVERNMENT OF IRAN SHALL PAY SUCH COSTS, DIRECTLY OR INDIRECTLY, IN THE FORM OF CASH PAYMENTS OR IN THE FORM OF PROVIDING FAILITIES AND SERVICES AT ITS EXPENSE. IN THE COMMON INTEREST OF SIMPLIFYING THE COMPUTATION OF, AND THE PROCEDURES FOR MAKING, THE CASH PAYMENTS, I ALSO HAVE THE HONOR TO PROPOSE THAT THE AMOUNT OF ANNUAL PAYMENT DUE THE GOVERNMENT OF THE UNITED STATES BE COMPUTED IN ACCORDANCE WITH THE PRICING POLICIES CUSTOMARILY USED BETWEEN OUR TWO GOVERNMENTS IN FOREIGN MILITARY SALES CASES, WITH REIMBURSEMENT BEING EFFECTED PURSUANT TO AN

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ANNUAL FOREIGN MILITARY SALES CASE FOR THIS PURPOSE IN ACCORDANCE WITH THE USUAL PROCEDURE FOR ANNUAL CASES.

IT IS UNDERSTOOD IN THIS CONNECTION THAT THOSE COSTS OF THE ARMISH-MAAG AND THE GENDARMERIE MISSION WHICH THE IMPERIAL GOVERNMENT OF IRAN CONTINUES TO FUND AT ITS EXPENSE THROUGH THE PROVISION OF FACILITIES AND SERVICES SHALL NOT BE INCLUDED IN THE FOREIGN MILITARY SALES CASE.

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FINALLY, IN ORDER TO OBVIATE THE NEED FOR ANNUAL EXTENSIONS OF THE ABOVE-NAMED MILITARY MISSION AGREEMENT AND GENDARMERIE AGREEMENT, I HAVE THE HONOR TO PROPOSE THAT THEY SHALL CONTINUE IN FORCE FROM YEAR TO YEAR UNTIL TERMINATED BY EITHER GOVERNMENT IN ACCORDANCE WITH THE PROCEDURE PROVIDED THEREIN.

IF THE FOREGOING PROPOSALS ARE ACCEPTABLE TO THE GOVERNMENT OF IRAN, I HAVE THE HONOR TO PROPOSE THAT THIS NOTE AND YOUR EXCELLENCY'S REPLY CONCURRING THEREIN SHALL CONSTITUTE AN AGREEMENT BETWEEN OUR TWO GOVERNMENTS WHICH SHALL ENTER INTO FORCE ON THE DATE OF YOUR EXCELLENCY'S REPLY.

ACCEPT, EXCELLENCY, ETC.

6. UPON RECEIPT OF YOUR ESTIMATE OF EUCOM SUPPORT ACTIVITY COSTS TO BE INCLUDED IN TOTAL ARMISH-MAAG/GENMISH COSTS, A LETTER OF OFFER (1513) WILL BE PREPARED BY DOD. FOLLOWING COMPLETION OF THE DOD FORM 1513, NEGOTIATIONS WITH GOI COULD BE INITIATED.

7. YOUR COMMENTS ON THIS PROPOSED APPROACH AND YOUR RECOMMENDATIONS REGARDING THE TEXT OF THE PROPOSED NOTE WOULD BE APPRECIATED.

8. NOTE 1. MILITARY SALARIES COMPUTED IN CONFORMANCE WITH DODI 7220.25 TO PROVIDE PRICING CONSISTENCY WITH TAFT COSTING FOR PERSONNEL ERVICES.

NOTE 2. CIVILIAN SALARIES UNDER MAP COMPUTED IN CONFORMANCE WITH PARA F.2. OF SECTION 23003-F OF DOD 722.9-H (ACCOUNTING HANDBOOK) FOR REASON AS ABOVE.

NOTE 3. FOR PURPOSES OF 1513 PRESENTATION, TO THE EXTENT OBJECT CLASS COSTS INCLUDED ABOVE REPRESENT EUCOM SUPPORT ACTIVITY (ESA), THEY SHOULD BE AMENDED AND ESA COST SEPARATELY STATED AS SUPPORT OF ARMISH-MAAG/GENMISH. SISCO

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Message Attributes

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Draft Date: 13 JUN 1974
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Disposition Authority: izenbei0
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Subject: GOI FINANCIAL SUPPORT OF ARMISH MAAG IRAN
TAGS: MASS, IR, US, PFOR
To: TEHRAN INFO SECDEF
JCS
USCINCEUR
CHARMISH MAAG TEHRAN
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